

News

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FOR RELEASE:

July 1, 2002

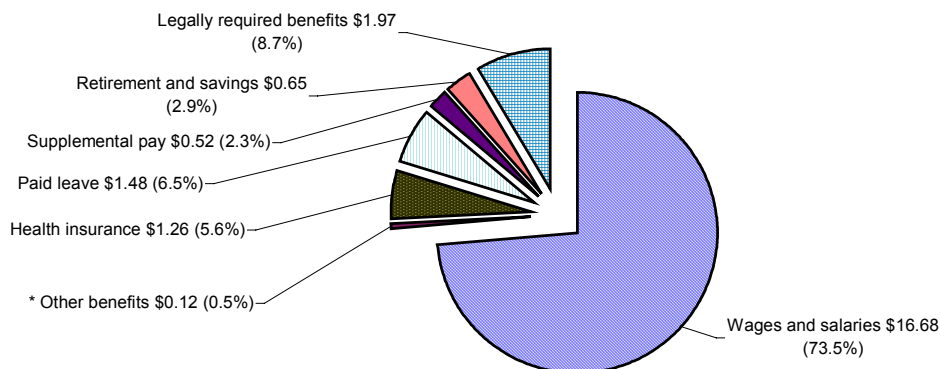
EMPLOYER COSTS FOR EMPLOYEE COMPENSATION WEST REGION - MARCH 2002

In the West¹, the cost to private industry employers for employee compensation averaged \$22.68 an hour in March 2002 according to the Bureau of Labor Statistics of the U.S. Department of Labor. Regional Commissioner Bob Gaddie noted that compensation costs in the other regions of the country totaled \$25.00 in the Northeast, \$21.25 in the Midwest, and \$19.49 in the South. The national average was \$21.71. (See table 1.)

Wages and salaries accounted for 73.5 percent of the total compensation costs in the West, averaging \$16.68. Within the other regions, average wage and salary costs per hour worked were \$14.34 in the South, \$15.29 in the Midwest, and \$17.97 in the Northeast. Nationally, wages and salaries averaged \$15.80.

Total benefits averaged \$5.99 in the West and accounted for 26.4 percent of all compensation costs. Among the other three regions, the cost of benefits averaged \$7.04 in the Northeast, \$5.96 in the Midwest and \$5.14 in the South. Nationwide, benefit costs averaged \$5.90.

Average Employer Cost per Hour Worked West Region, Private Industry, March 2002



* For this chart Other benefits include the Other benefits from Table 1 plus life, short term disability, and long term disability insurance.

¹ West Region includes: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

Among the benefit categories, legally required benefits (Social Security, Workers' Compensation, and Unemployment Insurance) were the largest non-wage cost to employers averaging \$1.97 per hour worked in the West and representing 8.7 percent of total compensation costs. Social security and workers' compensation costs, at \$1.39 and 43 cents, respectively, accounted for most of the cost of legally required benefits. (See chart 1 and table 1.)

Paid leave averaged \$1.48 per hour in the West and represented 6.5 percent of total compensation. Vacation pay accounted for half of total paid leave, while about a third went for holiday pay.

Insurance, including health, life, short and long term disability, averaged \$1.35 per hour worked, followed by retirement and savings payments at 65 cents and supplementary pay (premium pay, shift differential and nonproduction bonuses) at 52 cents.

EXPLANATORY NOTES

The publication schedule for the Employer Costs for Employee Compensation will change. Future publications will be issued on a quarterly basis, with data collected for the pay period including the 12th day of the survey months of March, June, September, and December. Publications will be issued approximately three months after the month of reference. The tables included in the quarterly news release will be unchanged from the current format and also will be available on the Internet. Data will be available on a quarterly basis beginning with June 2002 data. Information may be obtained by calling (202) 691-6199, visiting the Internet site (<http://www.bls.gov/ncs/ect/home.htm>), or by e-mail request (ocltinfo@bls.gov).

Employer costs for employee compensation is a measure of the average cost per hour worked to employers for wages and salaries and benefits. Employer costs for employee compensation cover all occupations in private industry, excluding farms and households. The March 2002 levels of employer costs for employee compensation were calculated using March 2002 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2001 universe of all private nonfarm establishments.

Wages and salaries are defined as the hourly straight-time wage rate, or for workers not paid on an hourly basis, straight-time earnings divided by corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, non-production bonuses, and lump-sum payments provided in lieu of wage increases. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered are: paid leave -- vacations, holidays, sick leave, and other leave; supplemental pay -- premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases; insurance benefits -- life, health, short-term disability, and long-term disability insurance; retirement and savings benefits -- defined benefit and defined contribution plans; legally required benefits -- Social Security (OASDI and Medicare), Federal and state unemployment insurance, and workers' compensation; and other benefits -- severance pay and supplemental unemployment plans.

Historical data and related articles on the ECEC are included in the bulletin, Employer Costs for Employee Compensation, 1986-99 (Bulletin 2526). An historical summary from 1986 through 2002 is also being prepared and will be available in the future on the Internet site (<http://www.bls.gov/ecthome.htm>) or upon request. Information on how costs are calculated appears in "Measuring Trends in the Structure and Levels of Employer Costs for Employee Compensation," Compensation and Working Conditions, Summer 1997. An article on changes in employer compensation costs appears in "Tracking Changes in Benefit Costs," Compensation and Working Conditions, Spring 1999. Information on the incidence and detailed provisions of selected employee benefit plans is published in the Employee Benefits Survey (EBS) bulletin for Medium and Large Firms Bulletin 2517. Employee Benefits in Small Private Establishments data appear in Bulletin 2507 and State and Local Governments in Bulletin 2531.

Table 1. PRIVATE INDUSTRY REGIONAL: Employer costs per hour worked for employee compensation, March 2002.

Compensation	National		Region 1/							
			West		Northeast		South		Midwest	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation.....	\$21.71	100.0%	\$22.68	100.0%	\$25.00	100.0%	\$19.49	100.0%	\$21.25	100.0%
Wage and salaries.....	15.80	72.8	16.68	73.5	17.97	71.9	14.34	73.6	15.29	72.0
Total benefits.....	5.90	27.2	5.99	26.4	7.04	28.2	5.14	26.4	5.96	28.0
Paid leave.....	1.44	6.6	1.48	6.5	1.83	7.3	1.24	6.4	1.35	6.4
Vacations.....	0.72	3.3	0.74	3.3	0.92	3.7	0.62	3.2	0.68	3.2
Holidays.....	0.49	2.3	0.51	2.2	0.62	2.5	0.42	2.2	0.47	2.2
Sick leave.....	0.17	0.8	0.19	0.8	0.22	0.9	0.14	0.7	0.14	0.7
Other leave.....	0.06	0.3	0.05	0.2	0.08	0.3	0.05	0.3	0.07	0.3
Supplementary pay.....	0.62	2.9	0.52	2.3	0.77	3.1	0.50	2.6	0.73	3.4
Premium pay 2/.....	0.24	1.1	0.23	1.0	0.22	0.9	0.22	1.1	0.30	1.4
Shift differentials.....	0.06	0.3	0.05	0.2	0.06	0.2	0.04	0.2	0.08	0.4
Nonproduction bonuses.....	0.32	1.5	0.24	1.1	0.49	2.0	0.24	1.2	0.35	1.6
Insurance.....	1.40	6.4	1.35	6.0	1.62	6.5	1.25	6.4	1.47	6.9
Life.....	0.04	0.2	0.04	0.2	0.05	0.2	0.04	0.2	0.04	0.2
Health Insurance.....	1.29	5.9	1.26	5.6	1.48	5.9	1.14	5.8	1.35	6.4
Short term Disability 3/.....	0.04	0.2	0.03	0.1	0.06	0.2	0.04	0.2	0.05	0.2
Long term Disability.....	0.03	0.1	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1
Retirement and savings.....	0.63	2.9	0.65	2.9	0.80	3.2	0.52	2.7	0.63	3.0
Defined Benefit	0.23	1.1	0.22	1.0	0.27	1.1	0.17	0.9	0.28	1.3
Defined Contribution	0.40	1.8	0.43	1.9	0.53	2.1	0.35	1.8	0.35	1.6
Legally required benefits....	1.80	8.3	1.97	8.7	1.98	7.9	1.61	8.3	1.75	8.2
Social security 4/.....	1.32	6.1	1.39	6.1	1.47	5.9	1.20	6.2	1.29	6.1
OASDI.....	1.06	4.9	1.12	4.9	1.17	4.7	0.97	5.0	1.04	4.9
Medicare.....	0.26	1.2	0.27	1.2	0.30	1.2	0.23	1.2	0.25	1.2
Federal unemployment.....	0.03	0.1	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1
State unemployment.....	0.10	0.5	0.12	0.5	0.14	0.6	0.06	0.3	0.09	0.4
Workers' compensation.....	0.35	1.6	0.43	1.9	0.34	1.4	0.31	1.6	0.34	1.6
Other benefits 5/.....	0.03	0.1	0.02	0.1	0.04	0.2	0.02	0.1	0.03	0.1

1/ The regional coverage is:

Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont;

South -- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia;

Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin;

West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

2/ Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays.)

3/ Short-term disability (previously, sickness and accident insurance) includes all insured, self-insured, and state mandated plans that provide benefits and each disability, includes unfunded plans.

4/ The total employer's cost for Social Security is comprised of an OASDI portion and Medicare portion. OASDI is abbreviated for Old-Age, Survivors, and Disability Insurance.

5/ Includes severance pay and supplemental unemployment benefits.

NOTE: Individual items may not match totals due to rounding.